DEVELOPING STRATEGIES FOR SUSTAINABILITY OFFSET PROJECTS IN THE AEROSPACE AND DEFENSE INDUSTRY

Overview

Identify a methodology by which the sustainability needs of a nation can be evaluated and matched with an aerospace and defense company’s offset capabilities to create mutually beneficial scenarios for all stakeholders.

What is an offset?

“Industrial compensation arrangements required by foreign governments as a condition of the purchase of goods and services from nondomestic suppliers.”

McKinsey & Company,
mckinsey.com/insights/public_sector/defense_offsets_from_contractual_burden_to_competitive_weapon

Methodology

1. Choose Focus Countries for Evaluation

India and Saudi Arabia are key nations for Lockheed Martin’s business expansion.

2. Assess Countries’ Sustainability Needs

Understand and identify the sustainability concerns.

Social Progress Index (3rd party indicator) to assess needs.

3. Identify Governments’ Sustainability Priorities

3rd party assessment do not necessarily reflect Government priorities. Conduct research to determine priorities in sustainability using nationally-issued documents.

4. Evaluate Government Multipliers

Governments may consider higher value for goods and services based on their desire of certain offsets. These mark-ups are considered “multipliers.”

5. Assess Offset Capabilities

Evaluate Lockheed Martin variety of goods and services to use as offsets. These include technologies, human resources and in-kind transfers.

6. Match Capabilities and Country Needs

Most crucial step is finding the intersection where Lockheed Martin’s capabilities can serve a sustainability need of a country while also fulfilling a government priority.

Recommendations

- Companies need to have a database of products and services that can be used in offset projects as well as a rating of sustainability for those products and services.

- Company leaders need to consult and share best practices across business divisions in order to create new and novel offset approaches.

Offset Opportunities

- Host Partners
  - National
  - Private vs Public
  - NGOs

- Capabilities
  - Aerospace & Defense
  - Information Technology
  - Space
  - Emerging Capabilities